

III. FINANCIAL MANAGEMENT

Table of Contents

	<u>Page</u>
A. Introduction	III-1
B. CDBG-RLF Compliance Issues	III-1
C. Financial Records	III-1
D. RLF Annual Report	III-2
E. Administrative Expenses	III-2
Attachment 1: Rehabilitation Obligations Tracking Journal	III-4
Attachment 2: RLF Accounting Journal	III-5
Attachment 3: RLF Individual Project Journal	III-6
Attachment 4: RLF Activity Report	III-7

A. INTRODUCTION

This chapter describes the requirements for managing your CDBG-RLF funds. It includes a description of how you may spend your CDBG-RLF dollars, and the forms you will need to do so. All examples in this chapter are coordinated with each other so that you may better see how to correctly enter financial data into the forms.

B. CDBG-RLF COMPLIANCE ISSUES

All rehabilitation funds repaid from a previous state-funded CDBG housing program must be deposited into a "Working Account". This is the same account (formerly known as the "rehab account") that you used during the implementation of your CDBG funds while you had an active contract with the Division of Housing and Community Development (DHCD).

The use of CDBG-RLF funds is always subject to environmental review requirements.
(See Chapter IV.)

Up to 15 percent of loan repayments and interest earned on the Working Account may be used for CDBG-RLF program administration. These funds should be used in proportion to the project funds.

C. FINANCIAL RECORDS

Use the following financial records to track the activity of your CDBG-RLF dollars:

- RLF Rehabilitation Obligations Tracking Journal
- RLF Accounting Journal
- RLF Individual Project Journals

If your community received funds as a result of a previously-funded acquisition program, you may elect to keep the acquisition RLF funds separate from the housing RLF funds. A separate set of acquisition RLF records must be maintained.

RLF Rehabilitation Obligations Tracking Journal (Attachment 1)

The Obligations Tracking Journal records loans awarded, award reductions, and, most importantly, how much CDBG-RLF remains to be loaned to LMI households. The purpose of this Journal is to help you avoid over-committing available funds.

RLF Accounting Journal (Attachment 2)

The RLF Accounting Journal tracks all RLF-related deposits (repaid loans and interest earned on the working account) and disbursements. It records payments made to contractors as well as payments made for program administration. The "TOTAL BALANCE" column of the Accounting Journal should reconcile with your checkbook balance.

RLF Individual Project Journal (Attachment 3)

A separate record should be kept for each project. This will enable you to have an accounting of how much has been paid out for each loan recipient. A copy of the Individual Project Journal should be kept in each rehab project file.

D. RLF ANNUAL REPORT

BOLD is required to gather and maintain information regarding all CDBG-RLF funds. This information is collected to comply with federal requirements and to determine the impact RLF dollars are having on housing conditions throughout the state.

Annually BOLD will send you the RLF Program Activity Report (Attachment 4). This must be completed and returned with a copy of your RLF Accounting Journal and bank statement.

E. ADMINISTRATIVE EXPENSES

1. Office rent is an eligible expense ONLY if:
 - a. All other departments pay office rent, or
 - b. The CDBG-RLF office is located in a non-municipal building.
2. A "per diem" or "salary" may be paid to members of the CDBG-RLF committee **ONLY** if all other such committees (e.g., public works committee, zoning committee, and council) receive a similar payment.
3. Equipment or computer software valued in excess of \$2,000.00 may not be purchased without prior written approval from DHCD.
4. CDBG-RLF funds may be used to pay the salaries of municipal employees under the following conditions:
 - a. For all hired or appointed employees, CDBG-RLF funds may be used to pay for documented time spent on the CDBG-RLF program. Time sheets must be maintained to document hours worked. Wages paid to hired or appointed employees for work on the CDBG-RLF program must be comparable to wages paid for comparable work in the area.

- b. Elected officials may only be paid for time spent on the CDBG-RLF program if they request and receive a waiver of conflict of interest from the Department of Commerce **prior** to performing the work for which they will be paid.
- 5. Refreshments (for meetings) and meals are NOT an eligible CDBG-RLF expense (except when traveling on CDBG-related business).
- 6. Examples of other eligible administrative expenses :
 - Fringe benefits
 - Travel expenses
 - Office supplies
 - CDBG-related training
 - Consultant fees
 - Inspection fees.

NOTE for these administrative expenses to be eligible they must be associated with the management or administration of CDBG housing projects.

ATTACHMENT 1

RLF REHABILITATION OBLIGATION TRACKING JOURNAL

[illegible]

ATTACHMENT 2

RLF ACCOUNTING JOURNAL

Date	Description	Check Number	Total Deposit	RLF – Project			RLF -- Admin			TOTAL BALANCE
				Project Deposit	Project Payment	Project Balance	Admin Deposit	Admin Payment	Admin Balance	
4/01/07	Balance Forwarded					17,350.00			2,800.00	20,150.00
4/01/07	Interest Earned		29.00	24.65		17,374.65	4.35		2,804.35	20,179.00
4/14/07	Loan 96-12 repaid		7,000.00	5,950.00		23,324.65	1,050.00		3,854.35	27,179.00
4/20/07	Loan 96-7 payment		125.00	106.25		23,430.90	18.75		3,873.10	27,304.00
4/22/07	Admin payment	309				23,430.90		2,000.00	1,873.10	25,304.00
4/25/07	Sure-Lock Homes 98-2	310			2,000.00	21,430.90			1,873.10	23,304.00
4/28/07	Watts-On Electric 98-2	311			4,500.00	16,930.90			1,873.10	18,804.00
4/28/07	Steava Doors 98-1	312			3,000.00	13,930.90			1,873.10	15,804.00
4/29/07	The Kitchens, Inc. 98-1	313			3,000.00	10,930.90			1,873.10	12,804.00
5/01/07	Interest Earned		18.50	15.72		10,946.62	2.78		1,875.88	12,822.50
5/03/07	DAHL 98-1	314			500.00	10,446.62			1,875.88	12,322.50

ATTACHMENT 3

INDIVIDUAL RLF PROJECT JOURNAL

LOAN #:	98-1	LOAN AMOUNT:	\$6,500
NAME:	Q. P. Dahl	APPROVAL DATE:	04/15/07
ADDRESS:	123 Common Place	LOAN TYPE:	0%, DPL
		BORROWER CONTRIBUTION:	

Date	Description	Obligation	Check #	Payment	Balance
4/16/07	Mortgage signed	6,500			6,500
4/28/07	Steava Doors		312	3,000	3,500
4/29/07	The Kitchens, Inc.		313	3,000	500
5/03/07	DAHL		314	500	0

INDIVIDUAL RLF PROJECT JOURNAL

LOAN #:	98-2	LOAN AMOUNT:	\$8,000
NAME:	Barb & Guy Wire	APPROVAL DATE:	4/15/07
ADDRESS:	910 Hyer Court	LOAN TYPE:	0%, DPL
		BORROWER CONTRIBUTION:	

Date	Description	Obligation	Check #	Payment	Balance
4/16/07	Mortgage signed	8,000			8,000
4/25/07	Sure-Lock Homes		310	2,000	6,000
4/28/07	Watts-On Electric		311	4,500	1,500
4/28/07	Loan reduction			1,500	0

ATTACHMENT 4
CDBG Housing Revolving Loan Fund Activity Report

Complete the following for **housing-related** revolving loan fund income received during the period **(04/01/06 to 03/31/07)**. Sign and return this form to Division of Housing and Community Development by **05/07/07**.

Community Name _____ **County** _____

Please provide the name, address, phone number and e-mail of the clerk:

Name _____	Phone Number _____
Address _____	E-mail _____
City/Zip Code _____	

Starting balance as of 04/01/06:

\$ _____

Income received (report all repaid housing loans and interest earned):

\$ _____

Dollars spent (report payments for all loans and grants made from revolving loan funds during reporting period):

\$ _____

Administration (the total amount of revolving loan funds used for administration during the reporting period):

\$ _____

Summary of housing activity during reporting period:

Number of owner-occupied units assisted:

Number of renter-occupied units assisted:

Miscellaneous activities (narrative only)
(list any other activities (not rehab or administration) where revolving loan funds were spent such as acquisition and relocation):

Income returned to BOLD (include any CDBG housing funds that were returned during reporting period):

\$ _____

Housing revolving loan fund balance at the end of this reporting period (submit copy of RLF bank statement for month ending 3/31/07 and the CDBG RLF Accounting Journal):

\$ _____

Please provide name, address, phone number and e-mail of the person administering the Revolving Loan Fund:

Name _____	Phone Number _____
Address _____	Title _____
City/Zip Code _____	E-mail _____

(Signature, Chief Elected Official)

(Date)

RLF REHABILITATION OBLIGATION TRACKING JOURNAL

[illegible]

RLF ACCOUNTING JOURNAL

[illegible]

INDIVIDUAL RLF PROJECT JOURNAL

LOAN #:

LOAN AMOUNT:

NAME: _____

APPROVAL DATE: _____

ADDRESS: _____

LOAN TYPE: _____

BORROWER CONTRIBUTION: _____

[illegible]

INDIVIDUAL RLF PROJECT JOURNAL

LOAN #:

LOAN AMOUNT: _____

NAME: _____

APPROVAL DATE: _____

ADDRESS: _____

LOAN TYPE: _____

BORROWER CONTRIBUTION: _____

[illegible]

